

Community Improvement Districts



**A NEW ECONOMIC DEVELOPMENT
FINANCING TOOL**

Community Improvement Districts (CID)



- New law passed by 2009 Legislature
- Modeled after Missouri law
- Allows Cities or Counties to assist Real Estate Developers without jeopardizing tax base
- Places burden of financing on the specific real estate development project:
 - Special sales tax (up to 2%)
 - Special assessment property tax
- Local policy needed to address broad authority

CIDs Similar to TIFs and TDDs

(but different)



Tax Increment Financing

- Assists Developers in older areas
- Focuses on any “horizontal” improvements (land, site work, infrastructure, etc.)
- Cannot be used for private buildings (except parking)
- Paid for with growth in existing tax base

Transportation Dev. District

- Assists Developers of any area
- Focuses on transportation-related infrastructure (roads, interchanges, utilities, etc.)
- Cannot be used for private buildings
- Paid for by imposing new “special” tax (1% sales tax)

CID Method of Financing

Similar to TIF & TDD



- **Special Obligation Bonds**
 - Secured solely by special CID revenues
 - Difficult to place
- **Full Faith and Credit Bonds**
 - General obligation
 - Easy to place
- **“Pay-As-You-Go”**
 - Pass-through to developer
 - Generally used to repay private financing

CID Law gives Broad Authority



- Full scope of private development costs
 - Land, buildings, structures and facilities
 - Site improvements and infrastructure
 - Parking garages
 - Streetscape
 - Parks, lawns, trees and other landscaping
 - Info booths, bus stops, stations, terminals, etc.
 - Public Art
 - Airports, railroads, mass transit facilities
 - Water features (lakes, dams, drainage, etc.)
 - City administrative fee (up to 5% of project cost)
 - On-going operating costs (security, events, mktg., etc.)

CID Authorization Process

Similar to Special Assessment and TDD



- Petition Process
 - 100% required for special assessment taxes
 - 55% for special sales tax (TDD = 100%)
- Public Hearing required for less than 100% petitions
- City Council adopts resolution that sets public hearing or makes finding of advisability
- Publication twice and mailing to landowners before hearing
- City Council passes ordinance that establishes CID and levies special CID tax
- Maximum 22-year term of tax

CID Policy Issues



- Types of Projects – law contains no limits
 - Staff recommends commercial, industrial and mixed-use (with standard City exclusions)
- Sources of Funding
 - Staff recommends both SA and sales tax
- Method of Financing
 - Staff recommends pay-as-you-go (preferred) or Special Obligation Bonds (no G.O.)

CID Policy Issues

(continued)



- Eligible Project Costs
 - Staff recommends capital costs only (no on-going operating costs) and 5% City admin fee
- Authorization Process
 - Staff recommends 100% petitions and public hearings for all CID projects
- “Gap” Financing Requirement
- Other Project Management Measures
 - e.g. background checks, disbursement rules, “look-back” on reimbursement, termination of tax

Next Steps



- Consult with Stakeholders
- Finalize CID Policy
- Return to City Council in February for approval